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SUBJECT: BRAZIL ON EU'S ETS AVIATION EMISSIONS PROPOSAL AND REVIVING
THE FRAMEWORK SPACE COOPERATION AGREEMENT

11. (U) THIS CABLE IS SENSITIVE BUT UNCLASSIFIED AND NOT FOR
INTERNET DISTRIBUTION.

12. (SBU) On the margins of the September 3-4 Ministerial Meeting on
Environment and Sustainable Development (SEPTEL), in Rio de Janeiro,
State Department Assistant Secretary for Oceans, International
Environmental, and Scientific Affairs (OES) A/S Claudia McMurray met
with Brazilian Ministry of Exterior Relations (MRE) Director General
for the Department of Environment, Luis Figueiredo Machado to
discuss bilateral issues. Director General Figueiredo Machado was
joined by his subordinate, Raphael Azeredo, the MRE Director of the
Sustainable Development and Multilateral Affairs Division. A/S
McMurray was accompanied by the rest of the USG delegation:
International Organizations Bureau Deputy Assistant Secretary Gerry
Anderson, OES/ENV Division Chief John Matuszak, L/OES Attorney Mark
Simonoff, and Embassy Brasilia's EST Counselor Richard Driscoll.

ICAO, THE EU AND BRAZIL

13. (SBU) A/S McMurray raised the issue of the European Union's (EU)
proposal to unilaterally include aviation emissions generated by
non-EU airlines in the European Emissions Trading Scheme (ETS) even
without the consent of the concerned foreign governments. She
emphasized that the USG has been reaching out to the Europeans and
stressing that there had to be "mutual consent" as required by the
Convention on International Civil Aviation (the Chicago Convention)
before including a foreign airline in the ETS. The pressure needs
to be kept up at ICAO, she added. A/S McMurray asked that the
Government of Brazil (GOB) speak out to the Europeans about this
issue.

14. (SBU) Director General Figueiredo Machado declared that the GOB
"has been against this" and that "we are not amused" by the EU's
proposal. He said that he would look into this matter and see how
Brazil can work against this. He presented the argument that to
take this step the EU would be in violation of the Kyoto Protocol
and the UN Framework Convention on Climate Change. It isn't fair or
warranted to have countries included against their will in a
regional scheme, he said. This is "a matter of principle" for us,
he added. Director Azeredo commented that the MRE's experts said
the EU's action would be a direct violation of the Chicago
Convention.

BILATERAL SPACE COOPERATION

15. (SBU) Director General Figueiredo Machado brought up the
question of space cooperation. He said the MRE saw the expiration
of the bilateral Framework Space Cooperation Agreement in July could
create a "political problem". The expiration of the Framework

agreement, following on the heels of the suspension of the International Space Station cooperation agreement, could cause problems. L/OES attorney Simonoff outlined the underlying legal issue concerning waiver of liability, which would need to be resolved before a new Framework agreement could be concluded. Director General Figueiredo Machado said that he knew the issue and asked the USG to work with the GOB to try to find a solution.

16. (SBU) An extension of the recently expired Framework agreement was needed while a long-term solution to the outstanding legal issues could be found, Director General Figueiredo Machado said. A/S McMurray asked whether he was referring to a brief extension of about three months. He replied, no, what he was asking for was an extension of up to one year. A/S McMurray agreed to look at the matter closely on her return to Washington.

SOBEL